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STATE OF CONNECTICUT
DEPARTMENT OF REVENUE SERVICES

PS 2001(5)

POLICY STATEMENT

Sales and Use Tax Exemption for Food Sold Through Coin-Operated Vending Machines

Purpose: This Policy Statement describes the exemption from sales and use taxes for sales through coin-operated vending machines. The exemption was amended in 2000 to increase the amounts exempted from one cent for each item to 50 cents or less for each item. Sales of food products through coin-operated vending machines, regardless of price, are also fully exempt under a separate exemption.

Effective Date: Effective for sales occurring on or after July 1, 2000.

Statutory Authority: Conn. Gen. Stat. §12-412 (13) and §12-412(27)(B)

Exemption for Sales of Food Products Sold Through Coin-Operated Vending Machines: Conn. Gen. Stat. §12-412(27)(B) exempts from sales and use taxes “sales of food products, as defined in subsection (13) of this section, sold through coin-operated vending machines.”

“Food Products” Defined: Conn. Gen. Stat. §12-412(13) defines food products to include “cereals and cereal products, milk and milk products, oleomargarine, meat and meat products, fish and fish products, eggs and egg products, vegetables and vegetable products, fruit and fruit products, spices and salt, sugar and sugar products other than candy and confectionary, coffee and coffee substitutes, tea, cocoa and cocoa products other than candy and confectionary.” This list is not all-inclusive, but describes the types of items considered food for purposes of the general exemption for sales of food products.

Conn. Gen. Stat. §12-412(13) specifically excludes from the definition of food products the following items: “spiritous, malt or vinous liquors, soft drinks,

sodas or beverages such as are ordinarily dispensed at bars and soda fountains, or in connection therewith, medicines except by prescription, tonics and preparations in liquid, powdered, granular, tablet, capsule, lozenge, and pill form sold as dietary supplements or adjuncts.”

Vending Machine Exemption Includes Food Sold as “Meals”: Conn. Gen. Stat. §12-412(13) also specifically excludes from the definition of food products “meals sold by an eating establishment or caterer.” According to the statute, a meal means “food products which are furnished, prepared or served in such a form and in such portions that they are ready for immediate consumption.” An eating establishment is defined to include a “vending machine.”

Generally, food items sold through coin-operated vending machines are in a form or in portions considered “meals” under Conn. Gen. Stat. §12-412(13), and because a vending machine is within the statutory definition of eating establishment, under a strict reading of the statute no items sold in vending machines could be “food products.” However, the General Assembly is presumed to have intended the exemption in §12-412(27)(B) for “food products, as defined in subsection (13) of this section, sold through coin-operated vending machines” to be meaningful. Therefore, the portion of Conn. Gen. Stat. §12-412(13) excluding “meals sold by an eating establishment” from the definition of food products does not apply to the exemption in Conn. Gen. Stat. §12-412(27)(B).

Items That Are Exempt When Sold Through Coin-Operated Vending Machines: Following is a list of the types of food products that are exempt when sold through coin-operated vending machines:

- Sandwiches and grinders (ready to eat, heatable or microwaveable);
- Packaged, canned or dehydrated soups, entrees, meats, and vegetables;

- Chips, pretzels, popcorn, nuts, trail mix, and similar snack foods;
- Granola bars and cereal bars;
- Cookies, crackers, and donuts;
- Fruit (canned, dried or individual pieces);
- Milk, yogurt, and cheese;
- Puddings, cakes, pies, and ice cream;
- Coffee, tea, and cocoa; and
- Fruit juices, mineral water, and all other non-carbonated, non-alcoholic beverages.

These items, and any other food products, are exempt when sold through coin-operated vending machines regardless of their size, quantity or volume, and whether or not they are ready for immediate consumption.

Although they are not food products, certain nonprescription medicines sometimes sold in coin-operated vending machines are exempt from sales and use taxes, under Conn. Gen. Stat. §12-412(48):

- Vitamins;
- Internal analgesics;
- Cough and cold products;
- Laxatives;
- Antacids; and
- Eye ointments and solutions.

Items That Remain Taxable When Sold Through Coin-Operated Vending Machines:

The following items remain subject to sales and use taxes whether sold through coin-operated vending machines or elsewhere:

- Candy and confectionary, including chocolate;
- Candy-coated nuts, raisins, popcorn, cereal bars, and granola bars;
- Chewing gum;
- Soda and all other carbonated beverages, alcoholic beverages;
- Cigarettes and tobacco products; and
- Items not intended for human consumption.

Effective July 1, 2000, sales from vending machines of **any** items, including the items listed above, costing 50 cents or less are exempt.

Record-Keeping Requirements for Retailers:

The exemption for food products sold through coin-operated vending machines may result in both taxable and nontaxable items being sold in the same vending machine. The vending machine retailer is responsible for keeping accurate and detailed records of which items are taxable and which items are exempt, and to account for gross receipts from the sales of separate items sold in the machines to substantiate any claims of exemption by the retailer.

Effect on Other Documents: This Policy Statement supersedes **Special Notice 97(3)**, *Sales and Use Tax Exemption for Food Sold Through Coin-Operated Vending Machines*.

Effect of This Document: A Policy Statement is a document that explains in depth a current DRS position, policy or practice affecting the tax liability of taxpayers.

For Further Information: Please call DRS during business hours, 8:00 a.m. to 5:00 p.m., Monday through Friday:

- **1-800-382-9463** (toll-free within Connecticut), or
- **860-297-5962** (from anywhere)

TTY, TDD, and Text Telephone users only may transmit inquiries 24 hours a day by calling 860-297-4911.

Forms and Publications: Forms and publications are available all day, seven days a week:

- **Internet:** Preview and download forms and publications from the DRS Web site: **www.drs.state.ct.us**
- **DRS TAX-FAX:** Call **860-297-5698** from the handset attached to your fax machine and select from the menu.
- **Telephone:** Call **860-297-4753** (from anywhere), or **1-800-382-9463** (toll-free within Connecticut) and select **Option 2** from a touch-tone phone.